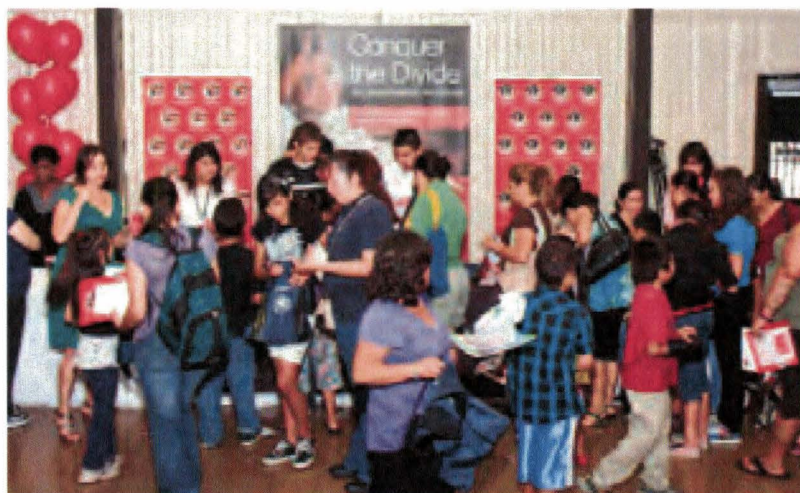


2012 Program Adjustments

We are also announcing a series of additional program adjustments for even greater success in 2012.

- **Expand Eligibility:** Our initial eligibility rules limited the program to families with at least one child eligible to receive a free school lunch as part of the NSLP. We have decided that expanding the Internet Essentials eligibility rules to include families with at least one child qualified to receive a reduced price school lunch as part of the NSLP would simplify questions around eligibility, clarify the messaging for our school and community partners and provide more low-income families with an opportunity to cross the digital divide. This expansion, which will be effectuated during the second quarter of 2012, will add an estimated additional 300,000 households in our service area eligible to participate in Internet Essentials, moving well beyond our commitment to the FCC and bringing the estimated total eligible population to 2.3 million families.
- **Streamline the Process:** We are introducing additional enhancements to the application process, including an instant approval process for families with students in schools that provide free school lunches to all students, such as Provision 2 schools, and enabling organizations to purchase Internet Essentials service and discounted computers in bulk on behalf of eligible low-income families in their community. We estimate that the instant approval process will cover about 15% of the free school lunch eligible population or over 300,000 families. Instant approval for Provision 2 families will be effective immediately and we will offer the ability to make bulk purchases during the first quarter of 2012.
- **Increase Speed:** Effective during the second quarter of 2012, we will double the speed of the Internet service to up to 3 Mbps downstream and up to 768 Kbps upstream. By increasing the service speed, we will further enrich our customers' online experience and add even greater value to the offer.
- **Hardware pricing:** Working with our private vendors, and with the Connect to Compete collaborative, we will try to reduce the cost of computer equipment to Internet Essentials families.

Students and teachers attend the Internet Essentials launch event in Fresno, CA.



- **Increase Outreach and Engagement:** Based on feedback from families enrolled in Internet Essentials, we know that the more they hear about our program from local sources they trust, the more likely they are to respond to this unique opportunity. We, therefore, have plans to increase our focused efforts to spread the word by working with schools, libraries, community centers and additional nonprofits and agencies that serve low-income families, such as employment offices and departments of families and children services. Lastly, we look forward to the introduction of the Connect to Compete collaborative and we are identifying ways to work together on outreach and to take advantage of the promotional activities of Connect to Compete.
- **Expand and Enrich Digital Literacy Training:** We are also committed to expanding and enriching our in-person and online digital literacy training, changes that we will roll out throughout 2012. We plan to provide a wider array of training opportunities working in cooperation with our community-based partners, who intimately understand the needs of their communities. In many cases, we have experienced greater participation when generalized training is tied to other relevant interests such as job search and job training. We also plan on further development of our Online Learning Center to provide families with enhanced content and a broader array of training options. We are consulting with content partners like Common Sense Media, One Economy and NBC Learn to make the content more relevant and dynamic. And we look forward to the launch of the online digital literacy learning portal by the Connect to Compete collaborative, which we intend to link into our Internet Essentials Online Learning Center.

Conclusion

A significant amount of work has gone into launching Internet Essentials. As with the launch of any new product or service, we have spent a great deal of time analyzing the program's operations to determine how to improve the delivery of the service. Our partner for this evaluation is the Joint Center for Political and Strategic Studies. This report focuses on the first five months of the program.

While we are enormously proud of what we have accomplished, and are pleased to share our early results and lessons learned, we know that there is still more work to be done. We also recognize that we are not alone in this endeavor. With the help of our partners, we have enabled over 41,000 families to cross the digital divide in less than six months. With the support of our current and future partners, we will continue to break down the barriers to broadband adoption across the country.

We look forward to sharing even more results and lessons learned in the months and years ahead.